



# Department of Justice

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AT  
(202) 616-2771  
TDD (202) 514-1888

**JUSTICE DEPARTMENT WILL NOT CHALLENGE JOINT VENTURE  
OF MARIN COUNTY, CALIFORNIA HOSPITALS**

WASHINGTON, D.C. -- Two northern California hospitals that provide mental health services will be allowed to consolidate their inpatient services to lower the cost of that care while preserving competition between them, under a proposal reviewed by the Department of Justice.

The Department's Antitrust Division said today that under all of the circumstances involved in the proposal, the joint venture is not likely to be anticompetitive. Each hospital will independently price and sell the services to payers and will implement safeguards against the sharing of competitively sensitive information, the Department said.

The two Marin County hospitals--Marin General Hospital and Ross Hospital--are competitors in providing inpatient and other psychiatric care to adults. Each hospital also provides additional services that the other does not. The hospitals want to lower the cost of the adult mental health services they both provide by consolidating their delivery at a single facility, thus eliminating duplicative costs and spreading fixed costs over a larger population. The consolidation will permit the hospitals to offer competitive rates for the care of Medicaid patients and indigent patients covered by a Marin County program.

Marin General is a general acute care hospital, providing a full range of services but not providing the chemical dependency programs and the inpatient psychiatric services for children and adolescents that Ross provides.

The Department's position was stated in a business review letter from Joel I. Klein, Acting Assistant Attorney General in charge of the Antitrust Division to counsel for the hospitals.

The letter explains that the proposed consolidation will not result in price fixing or similar illegal conduct. The joint pricing of services for Medicaid patients and indigent patients covered by the County program will not eliminate competition since the hospitals are not actual or potential competitors for that business. Because of Medicaid rules, Ross is not eligible to provide services for those programs.

The Department also concluded that when possible procompetitive benefits are weighed against potential anticompetitive harm the consolidation of services is not likely to have a net anticompetitive effect. While the joint venture includes the only two adult inpatient mental health care facilities in Marin County, the venture explicitly preserves the potential for price competition between the hospitals. It also includes protections against the unnecessary sharing of confidential business information and provides incentives for the hospitals to provide care efficiently and to monitor the shared costs directly controlled by each other.

The Department said that the hospitals will continue to compete in the sale of the consolidated services and will not, with one exception, jointly determine the price for the consolidated services. The hospitals will jointly determine the price for Medicaid patients and indigent patients covered under the County's program.

Klein said that other factors weighing substantially in favor of the proposed venture were potential efficiencies from the venture and the enhanced ability of the hospitals to compete for both Medicaid patients and the indigent patients covered by the County program.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 215 North, Liberty Place, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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